

Medical Assistance Services

STARS Number & Budget Unit: 270 HWIA

Bill Number & Chapter: S1471 (Ch.68), S1490 (Ch.321), H676 (Ch.350)

PROGRAM DESCRIPTION: Provide a complete program of medical and dental services to eligible recipients throughout Idaho. Care and services include, but are not limited to: hospitalization, surgery, nursing home care, prescription drugs, and treatment of other medical conditions as defined in the state plan.

DIVISION SUMMARY:	FY 2001 Total Appr	FY 2001 Actual	FY 2002 Total Appr	FY 2003 Request	FY 2003 Gov Rec	FY 2003 Approp
BY FUND SOURCE						
General	204,837,000	205,306,700	224,161,600	274,727,100	243,166,800	240,299,400
Dedicated	24,855,800	33,230,300	23,786,300	30,641,700	26,811,000	26,861,000
Federal	489,452,500	491,269,400	562,091,600	675,839,200	596,808,800	590,646,100
Total:	719,145,300	729,806,400	810,039,500	981,208,000	866,786,600	857,806,500
Percent Change:		1.5%	11.0%	21.1%	7.0%	5.9%
BY EXPENDITURE CLASSIFICATION						
Personnel Costs	10,860,300	8,944,400	11,925,400	13,014,300	12,263,400	11,996,500
Operating Expenditures	14,084,800	15,983,400	24,796,900	17,659,500	25,673,000	24,792,800
Capital Outlay	153,100	447,900	788,600	1,176,700	0	0
Trustee/Benefit	694,047,100	704,430,700	772,528,600	949,357,500	828,850,200	820,967,200
Lump Sum	0	0	0	0	0	50,000
Total:	719,145,300	729,806,400	810,039,500	981,208,000	866,786,600	857,806,500
Full-Time Positions (FTP)	174.92	206.63	197.40	230.19	212.69	195.69
DECISION UNIT SUMMARY:						
	FTP	General	Dedicated	Federal	Total	
FY 2002 Original Appropriation	197.40	229,311,300	24,400,500	555,803,800	809,515,600	
Reappropriations	0.00	0	598,100	0	598,100	
1. Medicaid Shortfall	0.00	4,084,000	(1,212,300)	6,287,800	9,159,500	
Budget Reduction (Neg. Supp.)	0.00	(9,233,700)	0	0	(9,233,700)	
FY 2002 Total Appropriation	197.40	224,161,600	23,786,300	562,091,600	810,039,500	
Executive Holdback	0.00	0	0	(16,486,900)	(16,486,900)	
Expenditure Adjustments	(1.71)	(226,900)	6,241,200	8,533,500	14,547,800	
FY 2002 Estimated Expenditures	195.69	223,934,700	30,027,500	554,138,200	808,100,400	
Removal of One-Time Expenditures	0.00	(1,325,000)	(598,100)	(3,315,400)	(5,238,500)	
Base Adjustments	0.00	(7,700)	0	(7,600)	(15,300)	
Restore Budget Reduction (Neg. Supp.)	0.00	9,233,700	0	16,486,900	25,720,600	
Permanent Base Reduction	0.00	(18,650,500)	(2,618,400)	(45,085,300)	(66,354,200)	
FY 2003 Base	195.69	213,185,200	26,811,000	522,216,800	762,213,000	
Personnel Cost Rollups	0.00	13,600	0	19,500	33,100	
Inflationary Adjustments	0.00	7,922,100	0	19,551,800	27,473,900	
Annualizations	0.00	434,600	0	1,605,500	2,040,100	
Nonstandard Adjustments	0.00	21,273,700	0	51,774,900	73,048,600	
Fund Shifts	0.00	(138,300)	0	138,300	0	
FY 2003 Maintenance (MCO)	195.69	242,690,900	26,811,000	595,306,800	864,808,700	
5. Breast & Cervical Cancer	0.00	283,000	0	1,099,400	1,382,400	
9. UMP - DD Contract & Automation	0.00	(492,900)	0	(600,100)	(1,093,000)	
10. UMP - MH Removal	0.00	(120,800)	0	(120,800)	(241,600)	
11. Emergency Dental Care	0.00	(2,060,800)	0	(5,039,200)	(7,100,000)	
12. Small Business Health Care Benefits	0.00	0	50,000	0	50,000	
FY 2003 Total Appropriation	195.69	240,299,400	26,861,000	590,646,100	857,806,500	
Change From FY 2002 Original Approp.	(1.71)	10,988,100	2,460,500	34,842,300	48,290,900	
% Change From FY 2002 Original Approp.	(0.9%)	4.8%	10.1%	6.3%	6.0%	

SUPPLEMENTAL: Included in S1490 is a supplemental appropriation to help cover a shortfall that existed in the Medicaid program. Health and Welfare initially estimated a total shortfall of \$43.6 million but that figure was later revised downward to a total of \$9.8 million, due to aggressive measures taken by the Department to reduce the rate of growth in benefit payments. The supplemental was subsequently adjusted to remove a total of \$95,800 for the Utilization Management Mental Health Project, and to reduce adult dental services to emergency dental only for a savings of \$499,700 in fiscal year 2002. This level of funding assumed that this change would take effect on April 1 of this year. Other program adjustments included:

- Shortening the period from 4 days to 3 days before requiring an independent review of the need for inpatient hospital services.
- Changing the discount to the average wholesale price (AWP) of prescription drugs from minus11% to minus12%.
- Not allowing early refills of prescription drugs until 75% of the estimated days' supply has elapsed.
- Requiring prior authorization of prescriptions for adults when exceeding more than 4 per month.
- Including prescription drugs for the Children's Health Insurance Program in the drug rebate process.
- Managing the utilization of hospital outpatient services to reduce unnecessary visits and expenses.
- Implementing a flat commercial transportation rate and reducing personal travel reimbursement from 35 cents to 10 cents per mile.

- Requiring prior authorization for all durable medical equipment to insure reasonable purchases and cost effectiveness.
- Managing utilization of x-ray and lab expenses to prevent unnecessary or duplicative tests.
- Paying Medicare rates for physician services.
- Limiting reimbursement for services to persons eligible for both Medicare and Medicaid to Medicaid rates.
- And Increasing enrollment in the Healthy Connections Program (primary case management) from 31% to 38% in fiscal year 2002 and to 68% in fiscal year 2003.

BUDGET REDUCTION (NEG. SUPP.): S1471 reduced the fiscal year 2002 General Fund appropriation for this agency by 4.0%.

APPROPRIATION HIGHLIGHTS: This appropriation reduced the fiscal year 2003 General Fund base by 8.0%. Personnel benefit costs were funded. Medical Inflation of 3.7% was funded. No funding for Change in Employee Compensation (CEC) was provided, but agencies may fund state employee compensation increases from salary savings. Nonstandard adjustments were funded to cover mandated increases in Idaho Code and to cover increased caseload. Funding was also provided to annualize the supplemental appropriation. Moneys were shifted from the General Fund to Federal Funds due to a change in the Federal Medical Assistance Percentage going from 70.96% to 70.98%. In addition, funding was included for the Breast and Cervical Cancer eligibility option enacted last session. This level of funding also eliminated \$1,093,000 for contracts and automation requirements for the Utilization Management Project for the Developmentally Disabled, and eliminated \$322,000 for the Utilization Management Project for Mental Health. The reason for this removal is to wait and see if data collected from the existing pilot project can demonstrate how cost effective it is before implementing this on a statewide basis. Dental services, reduced in fiscal year 2002, will result in an estimated savings of \$7,100,000 in 2003. Finally, H676 appropriated planning funds to make improvements in a proposed public/private partnership with HealthLink of Idaho to implement a small business health insurance model.

LEGISLATIVE INTENT: Directs the State Controller to transfer the General Fund appropriation to the Cooperative Welfare Fund; reappropriates balances of the Cooperative Welfare Fund; authorizes the expenditure of all receipts collected as noncognizable funds; caps the Federal Title XXI Children's Health Insurance Program at 150% of the federal poverty level; limits adult dental to emergency services only; limits the Utilization Management Pilot Project to Region II, instructs the department to implement by rule a requirement for preauthorization of any service plan relating to developmental disability and mental health services, forbids the department from entering into an IAP contract or to develop a utilization management automated system, and requires a written report to be presented to the Joint Finance-Appropriations Committee at their fall meeting; and provides intent with regard to salary savings.

OTHER LEGISLATION: H740 amended intent language included in the Medicaid appropriation bill for fiscal year 2002 that deleted a reference to freezing "special rates" of private intermediate care facilities for the mentally retarded at fiscal year 2000 levels and made retroactive to July 1, 2001.

FY 2003 APPROPRIATION:	FTP	Pers. Cost	Oper Exp	Cap Out	T/B Pymnts	Lump Sum	Total
G 0220-03 CW - General	86.08	4,869,100	6,644,900	0	228,785,400	0	240,299,400
D 0179-00 Medical Assistance	0.00	0	0	0	2,500	0	2,500
D 0220-05 CW - Other	23.72	0	0	0	26,169,300	0	26,169,300
D 0418-00 Liquor Control	0.00	0	0	0	639,200	0	639,200
D 0499-00 Millennium Income	0.00	0	0	0	0	50,000	50,000
F 0220-02 CW - Federal	85.89	7,127,400	18,147,900	0	565,370,800	0	590,646,100
Totals:	195.69	11,996,500	24,792,800	0	820,967,200	50,000	857,806,500